



*Strengthening Canada's Communities
Des communautés plus fortes au Canada*

Pre-Budget Submission to the Honourable Cameron Friesen, M.L.A.

**Minister of Finance
Province of Manitoba**

By the Canadian Community Economic Development Network – Manitoba

November 17, 2017

Background

This brief has been prepared by the Canadian CED Network – Manitoba for the Honourable Cameron Friesen, Minister of Finance for the Province of Manitoba. The information contained in this brief responds to the Minister's invitation to help the Province of Manitoba prepare Budget 2018.

The Canadian CED Network – Manitoba promotes community economic development (CED) as a comprehensive and integrated approach to improving economic, social and environmental conditions in communities. This approach understands that solutions to complex community challenges will be most successful and sustainable when they are community-led.

Across Manitoba, CED initiatives foster economic revitalization, access to capital, local ownership of resources, labour market development, poverty reduction, social development and environmental stewardship. Despite the proven impact of the CED approach, communities (urban, rural, northern, newcomer, Indigenous, etc.) continue to lack the level of support they need from all levels of government to take innovative, sustained and strategic action through a comprehensive approach. We believe the Province of Manitoba must continue to take an active role in providing that support.

More than one hundred members are represented by the Canadian CED Network – Manitoba including the United Way of Winnipeg, Assiniboine Credit Union, Spence Neighbourhood Association, University College of the North, Community Futures Westman, FortWhyte Farms, Immigrant and Refugee Community Organization of Manitoba (IRCOM), Manitoba League of Persons with Disabilities and SEED Winnipeg. Our members represent community organizations that work with thousands of community members across the Province.

Summary of Recommendations

These recommendations have been developed by and endorsed by the members of the Canadian CED Network – Manitoba at our annual policy summit. Go to page 6 for more information and details about these recommendations.

1. Poverty Reduction

- A. Manitoba must release a comprehensive poverty reduction plan. This plan must be developed in consultation with community members and include targets and timelines for reducing poverty. We believe *The View From Here* provides a blueprint for this work.
- B. Manitoba must introduce a new basic needs benefit to lift all Manitobans up to or above the poverty line.

2. Skills, Jobs and Growing the Economy

- A. Support social enterprise development in Manitoba by committing to co-creating and co-producing a second phase of the Manitoba Social Enterprise Strategy beginning in 2018/19, with a mission of supporting social entrepreneurs focused on job creation and training for people facing barriers to employment.
- B. Develop a strategy, allocate resources and initiate the development of community-owned renewable energy on all 63 First Nations within ten years. Support for the implementation would require consultation with all communities affected and for Manitoba Hydro to purchase power from these initiatives through implementation of a long-term Feed-In-Tariff program overseen by an independent committee.
- C. Reverse the trend towards increasing incarceration and focus on meaningful employment for people with barriers to employment. Partner with and support social enterprises that provide wrap around supports for reintegration of appropriate offenders and reinvest the savings accrued through reduced recidivism rates into community-led, poverty reduction priorities.
- D. Implement and resource a comprehensive rural economic development strategy that recognizes and addresses the diversity of local economies, demographics and geography in Manitoba through local decision-making and consultation processes.
- E. Support organizations and initiatives providing long-term supports to Indigenous job seekers facing multiple barriers to employment and employers committed to inclusive hiring.

3. Housing

- A. Provide funding for the addition of 300 net new social and affordable housing units built by the public, non-profit and co-op sectors annually so that Manitoba does not continue to fall behind.

- B. Continue to make Rent Assist available to low-income Manitobans on and off of EIA.
- C. Pro-actively work with housing providers and invest to ensure there is no net loss of rent-geared-to-income (RGI) housing units due to expiring federal operating agreements.
- D. Make annual investments of at least \$126M to meet the estimated need for capital repairs and maintenance in public housing units by 2020.
- E. Lobby provincial counterparts and the federal government to create and fund a national housing strategy.

4. Child Care

- A. Create 12,000 new licensed and funded not-for-profit early learning and child care spaces while also investing resources to ensure existing spaces are sufficiently funded.
- B. Invest in initiatives to recruit and train enough early childhood educators to meet the legislated requirements for proportion of trained staff in the 12,000 new spaces.
- C. Immediately eliminate the \$2.00 daily child care fee and increase the income level at which families are eligible for a full fee subsidy, with annual indexing to ensure families do not unfairly lose out on subsidies in the future.
- D. Establish 30 community-based Aboriginal head start programs in and around high-needs schools across Manitoba by 2020.

5. Community-Led Development

- A. Invest in community-led development with multi-year, streamlined funding that includes the following characteristics:
 1. A targeted approach that identifies and invests in key neighbourhoods and communities in the greatest need of physical, social and economic revitalization;
 2. Multi-year agreements to a maximum of five years, including cost of living increases on an annual basis;
 3. Creating effective communication channels between the Province of Manitoba and community-based organizations, allowing agencies to provide feedback and make recommendations, as well as providing agencies with a year's notice of renewal decisions, thereby ensuring agencies have sufficient time to plan.

6. Food Security

- A. Support scaling up community-led efforts to address local challenges of food insecurity and unemployment in northern and remote communities through the Northern Healthy Foods Initiative

as well as social enterprises focused on food production and consumption.

- B. Invest \$160,000 annually in a Manitoba food strategy and action plan with implementation oversight by a Food Policy Council composed of relevant stakeholders.

7. Co-operative Development

- A. Support co-operative development in Manitoba by supporting a sector development strategy in full partnership with the co-op sector.

Recommendations

1. Poverty Reduction

- A. Manitoba must release a comprehensive poverty reduction plan. This plan must be developed in consultation with community members and include targets and timelines for reducing poverty. We believe *The View From Here* provides a blueprint for this work.**

The introduction of All Aboard: Manitoba's Poverty Reduction and Social Inclusion Strategy in 2009 and *The Poverty Reduction Strategy Act* in 2011 was an important step that demonstrated the Province's commitment to taking a comprehensive approach to reducing poverty and social exclusion in Manitoba. However, much more remains to be done. Importantly, setting targets and timelines for reducing poverty is needed to provide a vision and roadmap of strategic actions.

With a new provincial government, it is time for a renewed comprehensive plan for poverty reduction and social inclusion – one that invests in food security, childcare, housing, job training, wages, education, mental health and other social services. We believe *The View From Here* (2015), a community-led set of wide-ranging recommendations provides such a blueprint. Find this report at: tinyurl.com/VFH2015.

The Province of Manitoba has committed to revising its strategy for reducing poverty in Manitoba. According to the 2011 Poverty Reduction Strategy Act, a new and revised strategy was required to be released in 2017, but has not yet been released, and consultations for the new plan have not yet started.

- B. Manitoba must introduce a new basic needs benefit to lift all Manitobans up to or above the poverty line.**

EIA's basic needs budget has barely increased in two decades while the cost of living has gone up by more than 40 percent. Even with Rent Assist in place, single adults and persons with disabilities on EIA live in deep poverty with total incomes that are 47% and 33% below the poverty line, respectively. All families on EIA are hundreds of dollars below the market basket measure (MBM) of poverty. Moreover, many minimum wage workers also live in poverty. According to Statistics Canada data, 146,000 Manitobans live below the MBM.

Ensuring all Manitobans have a total income at least equal to the poverty line can be achieved by replacing EIA's basic needs benefit with a new and enhanced benefit for which all low-income Manitobans would be eligible, regardless if they receive other benefits through EIA. Under this proposal, other benefits under EIA, aside from the basic needs benefit, including health and dental, job training and childcare subsidies would continue. This enhanced basic needs benefit when combined with other benefits such as Rent Assist and the federal Canada Child Benefit would form a platform on which to build a basic income for all Manitobans.

This proposed benefit does not achieve an end to poverty in Manitoba on its own, but it would be a significant and realistic step in the right direction as part of a comprehensive plan. To raise all

Manitobans' income to the MBM is estimated to cost approximately \$670 million annually, approximately 1% of Manitoba's GDP.

2. Skills, Jobs and Growing the Economy

- A. Support social enterprise development in Manitoba by committing to co-creating and co-producing a second phase of the Manitoba Social Enterprise Strategy beginning in 2018/19, with a mission of supporting social entrepreneurs focused on job creation and training for people facing barriers to employment.**

The Province has a good record of partnering with social enterprises who provide training and job opportunities for people facing barriers to employment. From 2015 to 2018, the Province invested in the Manitoba Social Enterprise Strategy. This 3 year agreement was co-developed and co-implemented between the Province and CCEDNet – Manitoba, and budgeted \$675,000 over its 3 year duration (reduced from the original budget of \$750,000). The comprehensive strategy strengthened the social enterprise sector, which produces significant value to government through savings to high-expenditure areas, such as social assistance, justice and healthcare. Activities undertaken were guided by a steering committee comprised evenly of both community and government representatives, and took action in 6 areas related to building a strong system of support for social enterprise development: Building Skills & Capacity; Access to Capital; Access to Markets; Evaluation & Demonstrating Value; Regulatory Frameworks; and Networking. A second phase of this strategy can move innovative pilot activities into longer-term structures as well as continuing to grow awareness of this emerging and valuable blended-model of business and social impact.

- B. Develop a strategy, allocate resources and initiate the development of community-owned renewable energy on all 63 First Nations within ten years. Support for the implementation will require consultation with all communities affected and for Manitoba Hydro to purchase power from these initiatives through implementation of a long-term Feed-In-Tariff program overseen by an independent committee.**

First Nations spend large sums of money on heating their buildings on an annual basis, which is money that leaves the community having created little local employment. Some First Nations in Manitoba have to allocate more money towards electricity than is spent on housing and good food initiatives combined.

Models of collectively owned renewable energy empower Manitoba communities to own and direct local economic development in a way that ensures profits remain in Manitoba. Local ownership of community-scale renewable power produces *five times the local economic benefits* compared to large projects that are owned by outside investors.

- C. Reverse the trend towards increasing incarceration and focus on meaningful employment for people with barriers to employment. Partner with and support social enterprises that provide wrap around supports for the reintegration of appropriate offenders and reinvest the savings accrued through reduced recidivism rates into community-led poverty reduction priorities.**

A criminal justice system focused on suppression and incarceration has failed to alleviate, and in some cases made worse, the problems of drugs, gangs, and violence not only in Winnipeg's inner

city, but in jurisdictions across North America. Incarceration rates in Manitoba disproportionately impact the Indigenous community and those living in poverty.

Social enterprises in Manitoba providing employment with wrap around supports for people at high risk of offending or re-offending have demonstrated reductions in recidivism rates at a fraction of the cost of incarceration. Interventions that address the root causes of crime, focusing on poverty, employment and mental health – as opposed to incarceration – are increasingly receiving bi-partisan support.

D. Create, implement and resource a comprehensive rural economic development strategy that recognizes and addresses the diversity of local economies, demographics and geography in Manitoba through local decision-making and consultation processes.

Provincial funding for local economic development organizations and initiatives, such as Regional Development Corporations and Community Development Corporations, has either ceased or been drastically reduced in recent years. Long term strategies are needed to address significant challenges rural economies face including: aging populations and workforces, out-migration of youth, labour shortages and limited access to affordable housing and health care.

E. Support a community-designed and developed model for providing multi-barriered jobseekers and their employers with comprehensive supports, from training through employment.

Multi-barriered jobseekers and the employers who hire them often require access to comprehensive supports during and after a transition from training to employment. However, community-based employment development organizations and social enterprises are not sufficiently resourced to continue to offer comprehensive supports after participants exit their programs. This policy gap can be effectively addressed by a community-designed and delivered resource, situated within the neighbourhood that it serves. In addition to deploying caseworkers to provide long-term support to employers and community-based training organizations, this resource would help develop meaningful long-term relationships between employers, training organizations and jobseekers.

3. Housing

Access to safe and affordable housing is one of the biggest challenges facing low income Manitobans. A comprehensive solution requires a multi-pronged approach that includes increasing financial assistance to help low-income Manitobans pay for their housing costs as well as physical investment in renovating or building new affordable housing.

- A. Provide funding for the addition of 300 net new social and affordable housing units built by the public, non-profit and co-op sectors annually so that Manitoba does not continue to fall behind.**
- B. Continue to make Rent Assist available to low-income Manitobans on and off of EIA.**
- C. Pro-actively work with housing providers and invest to ensure there is no net loss of rent-geared-to-income (RGI) housing units due to expiring federal operating agreements.**

- D. **Make annual investments of at least \$126M to meet the estimated need for capital repairs and maintenance in public housing units by 2020.**
- E. **Lobby provincial counterparts and the federal government to create and fund a national housing strategy.**

4. Child Care

- A. **Create 12,000 new licensed and funded not for profit early learning and child care spaces while also investing resources to ensure existing spaces are sufficiently funded.**
- B. **Invest in initiatives to recruit and train enough early childhood educators to meet the legislated requirements for proportion of trained staff in the 12,000 new spaces.**
- C. **Immediately eliminate the \$2.00 daily child care fee and increase the income level at which families are eligible for a full fee subsidy, with annual indexing to ensure families do not unfairly lose out on subsidies in the future.**
- D. **Establish 30 community-based Aboriginal head start programs in and around high-needs schools across Manitoba by 2020.**

Investments in early learning and child care stimulate the local economy and create jobs. Every \$1 invested in childcare in Manitoba returns \$1.58 to rural and northern economies and \$1.38 to the Winnipeg economy. Accessible and affordable childcare is a major factor in helping women access education, employment and alleviating child poverty. Wages for child care assistants and Early Childhood Educators brings money to their families and the local economy.

New and existing spaces should be sufficiently funded to ensure a provincial salary scale that is at current market competitive rates and that applies to all childcare professionals. Without adequate compensation, it is difficult to attract and retain a diverse and qualified childcare workforce, which creates an imbalance between the number of new spaces and the availability of childcare professionals. Early childhood educators should also be representative of the people they serve to improve outcomes for Aboriginal and newcomer children.

5. Community-led Development

- A. **Invest in community-led development with multi-year, streamlined funding with the following characteristics:**
 - a. **A targeted approach that identifies and invests in key neighbourhoods and communities in the greatest need of physical, social and economic revitalization;**
 - b. **Multi-year agreements to a maximum of five years, including cost of living increases on an annual basis;**
 - c. **Creating effective communication channels between the Province of Manitoba and community-based organizations, allowing agencies to provide feedback and make recommendations, as well as providing agencies with a year's notice of renewal decisions, thereby ensuring agencies have sufficient time to plan.**

In Manitoba, there are thirteen Neighbourhood Renewal Corporations (NRCs) doing neighbourhood revitalization work in urban and rural communities. The priorities of NRCs are set by the communities they serve. NRCs coordinate and plan local affordable housing development, community safety, food security, green space development, recreation, and healthy living, etc. The work advances CED principles and poverty reduction by building community capacity and empowering communities to revitalize these priority neighbourhoods, towns and cities. These organizations are primarily stakeholders for community-led development and have been funded by Neighbourhoods Alive! for over a decade. This program was paused in 2016 and then activated late in 2017 only for short term projects, which is a significant shift away from the principles noted in our recommendations.

The strategic investment in community organizations supported via Neighbourhoods Alive! (NA) has successfully begun to reverse trends of underpopulation, poverty, crime, and property decline in Manitoba's most marginalized communities and is viewed nationally as a best practice model for supporting targeted communities for revitalization. The development of 5-year neighbourhood plans that guide multi-faceted and multi-pronged initiatives increases efficiencies by helping neighbourhoods to streamline and eliminate duplication in programming, and by ensuring coordinated, effective funding allocations toward established community priorities. This is the kind of work that should be further invested in, and this flexible and innovative funding model could show similar long term trends in different areas, if the above principles are followed.

6. Food Security

Diet-related diseases are particularly prevalent in Northern Manitoba communities experiencing severe food insecurity and downstream health spending has become unsustainable as a result.

For example, diabetes affects more than 50% of all seniors and almost 25% of adults aged 35 to 54 in Manitoba First Nations with associated costs estimated at \$498M in 2010 alone. These costs can be avoided through investments like the Northern Healthy Foods Initiative (NHFI) which supports projects that increase the availability of healthy foods despite significant challenges. Provincial investments in the NHFI have enabled Northern food security initiatives led by communities to leverage other funding sources that would otherwise have been unavailable.

NHFI also has the potential to create jobs in a region where some First Nations experience a youth unemployment rate of almost 50%. For example, Aki Energy and Garden Hill First Nation established the social enterprise Meechim, which employed 12 people who farm and sell healthy and affordable food to the local community. The NHFI can further address the unemployment challenge in Northern and Indigenous communities by continuing these kinds of investments.

Manitoba's Budget 2017 committed to further investments in Northern Healthy Food Initiative (\$500,000), providing much-needed support to community-based strategies and leadership to expand local food production. The Province of Manitoba should build on work being done through the Northern Healthy Foods Initiative and partner with interested stakeholders to support the development of social enterprise on First Nations that provide employment for local people and scale up opportunities for healthy food production and consumption.

- A. Support scaling up community-led efforts to address local challenges of food insecurity and unemployment in northern and remote communities through the Northern Healthy Foods Initiative as well as social enterprises focused on food production and consumption.**

B. Create and adequately support a provincial food council mandated to develop and implement a provincial food strategy in partnership with civil society and food system stakeholders.

Creating a provincial food policy council in Manitoba with a mandate to develop and implement a comprehensive and coordinated food security strategy with relevant stakeholders would strengthen food security, improve health, green our communities and create economic opportunities for producers and processors in a strong local food economy.

7. Co-operative Development

A. Support co-operative development in Manitoba by supporting a sector development strategy in full partnership with the co-op sector.

Cooperatives are a vital business model in Manitoba with more than 400 co-ops (including credit unions), over 900,000 members, and more than \$22 billion in assets. Especially in smaller communities, co-ops create services and jobs such as the 65 communities where credit unions are the only financial institution. These collective businesses are sustainable with 62% in operation after 5 years and 44% after 10 years (compared to 35% and 20% respectively for other new businesses).

The *Manitoba Co-operative Community Strategic Plan (2014-2019)* built on a previous five-year strategy that developed structural and sustainable initiatives to strengthen the co-op sector like the Multi-stakeholder Co-op Model, the Co-op Development Fund Tax Credit and an emerging mentorship program. Provincial investments in the first strategy leveraged more than double from other partners. Educational supports, development programs, and a sense of partnership between co-ops, the province, and other key stakeholders were created as a result of this co-created plan. However, the strategy was ended when funding was discontinued in 2016 and the Co-op Development Fund Tax Credit was cancelled.